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SUBJECT: FRENCH EMBASSY ON EU-3 SANCTIONS INITIATIVE

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Classified By: Econ/Pol Counselor Dean Yap. Reason: 1.4(b) and (d)

11. (C) Summary. According to the French Embassy in Vienna, the EU-3 expect some progress on adding names of Iranian entities and individuals to existing sanctions lists. The French will enlist German help in persuading the Austrians to accept the addition of Bank Melli to the existing sanctions lists. The development of new autonomous EU sanctions is considerably more difficult. Possible sanctions have not as yet been identified among the three. End Summary.

#### Expanding Existing Sanctions Lists

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12. (C) French DCM Gerrit van Rossum (protect) reported to Econ/Pol Couns January 17 that EU-3 PolDirs, meeting Jan. 15 in Ljubljana, had agreed to re-launch their efforts to gain EU approval for adding various entities and individuals to existing EU sanctions lists and to develop autonomous EU sanctions. A game plan for the former has been developed, and van Rossum was somewhat optimistic of winning EU endorsement. While the Italians and Austrians have been most difficult, three or four other EU members, including Sweden and Poland, have raised concerns about inclusion of one or more of the entities/persons. The Swedes have been particularly concerned about adding many of the individuals without more specific identifying criteria than a name. The French and British are asking the Germans to engage Austria on the inclusion of Bank Melli. Van Rossum said that the French had some questions about the utility of French interventions in Vienna.

13. (C) The EU-3 also plan to approach the Slovene Presidency to ask that a joint meeting of the EU Middle East and Non-Proliferation Councils be scheduled in early February to endorse an expansion of the lists. That decision would then be finalized by the February 16 GAERC. (Note: Van Rossum stressed that this plan was not yet known beyond the EU-3.)

#### New Autonomous Sanctions

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14. (C) The meeting of the two EU councils would also re-open the question of autonomous sanctions. Van Rossum noted that a number of EU states, referring to the language adopted by the GAERC in November, are arguing that the EU is only obliged to take further steps if the UNSC takes a decision with respect to further sanctions. Van Rossum feared that, if the UNSC is only able to agree to enhanced observation of Iranian business and banking activities, the EU-3 will have a very difficult time convincing their partners to adopt autonomous EU sanctions. He said that about a dozen member states are definitely opposed to autonomous sanctions, including Austria.

¶5. (C) Van Rossum did not think that the December NIE had had much of an impact on developments within the EU. He was not aware that any state was using the NIE explicitly as a rationale for reducing pressure on Iran, although he agreed that some might be privately welcoming Chinese and Russian arguments along that line. In the case of Austria, he believed the core problem was the the Minister of Economy's unwillingness to oppose the business community and the Austrian energy concern OMV in particular.

¶6. (C) There is as yet no agreement among the EU-3 on what new autonomous measures would look like. The energy sector is certainly a target, van Rossum said, but he thought a British suggestion to block investment in gas liquefaction would be dropped because it too directly clashes with OMV plans. Investment and export support programs were another possible target, he reported.  
Kilner